

**United Nations Development Programme**

The Associate Administrator



11 June 2007

Dear Ambassador Wallace,

Thank you for your letter dated 14 May 2007. In line with the call of world leaders at the September 2005 Summit in the context of the larger UN Reform initiative and building on the efforts of our predecessors, UNDP places accountability and transparency at the forefront of UNDP management priorities. Accordingly, many management initiatives have been undertaken or are under preparation as outlined in the draft Strategic Plan for 2008-2011 that will be tabled to the Executive Board in June 2007. Below I would like to summarize major elements of the relevant policies or initiatives.

**1. Availability of internal audit and other reports, e.g. evaluations, investigations, etc. to Member States**

- The 9<sup>th</sup> session of the High Level Committee on Management (HLCM) in April 2005 concluded that "internal audit reports were an important management tool for executive heads and should therefore remain confidential". At UNDP's request, a further discussion took place in the Chief Executive Board for Coordination (CEB) in April 2007. The CEB has directed the HLCM to submit a technical report and specific recommendation with the view to adopt a uniform policy throughout the UN system.
- UNDP acknowledges the need to enable Executive Board members to obtain specific information on internal audits of UNDP operations while preserving the responsibilities of management. At the forthcoming Executive Board meeting, the Administrator and I will outline our intentions with regard to the future procedure.
- Investigation reports are by their very nature confidential, in view of the legal and due process implications that this disclosure would entail. However, cases of fraud and presumptive fraud are reported to member states by the UN Board of Auditors as part of their report on the financial statements of UNDP (A/61/5/Add.1, para. 491 to 506) and in the UNDP annual report on internal audit and oversight to the Executive Board.
- All independent thematic or programmatic evaluation reports issued by the Evaluation Office (EO) are available to the public <http://www.undp.org/eo/>.

**2. Public access to all relevant documentation related to operations and activities including budget and procurement activities**

- UNDP has had a public disclosure policy since 1997 (accessible through [www.undp.org](http://www.undp.org)). Under the policy, upon request, information about UNDP operations is made available within 30 business days.

His Excellency

Mr. Mark D Wallace

United States Representative for United Nations Management and Reform  
Permanent Mission of the United States of America to the United Nations  
New York, N.Y.



- We are currently preparing an instruction to all Country Offices on the minimum standard requirements for information on UNDP public websites, including documentation relevant to country level operations.
- All relevant documentation on UNDP budgets for management and programme activities approved by the Executive Board (EB) are available on the website of the Executive Board Secretariat (<http://www.undp.org/execbrd/>)
- UNDP's Financial Report and Audited Financial Statements, including the Report of the UN Board of Auditors (UNBOA), are General Assembly Documents (A/61/5/Add 1). These documents, plus the UNDP Annual Review of the Financial Situation and the Annual Report of the Office of Audit and Performance Review, are tabled to the Executive Board. All documents are accessible to Member States and the public.
- UNDP espouses the principles of transparent procurement and fair competition. The UNDP Procurement User Guide states that for contracts valued between USD 100,000 and USD 500,000, advertisements should be posted on IAPSO's website and/or as a Procurement Notice on UNDP's website for ten to thirty days depending on the complexity and nature of the goods, civil works or services to be obtained.

### **3. Whistleblower protection" policies**

- UNDP protects staff who report malfeasance from retaliation or other harm, including from persons outside the organization. UNDP relies on the principles enshrined in the UN Staff Regulations and Rules to discipline staff who retaliate against those who report malfeasance or cooperated in investigations.
- Specific protection from retaliation was first codified in 2005 when UNDP issued its guidelines on dealing with harassment, sexual harassment and abuse of authority.
- As part of UNDP's ongoing commitment to improve the efficiency, transparency and credibility of the internal justice system, we are issuing the "UNDP Legal Framework for Addressing Non-Compliance with Ethical and Professional Standards" which includes a section on whistleblower's rights and responsibilities, with reference to provisions in the UN Secretary-General Bulletin ST/SGB/2005/21.

### **4. Financial disclosure policies**

- The most recent revision in 2006 of the UN's Financial Disclosure Policy requires that all staff members at the D-1/L6 level and above, including "other staff as deemed necessary in the interest of the Organization", procurement and investment officers and their dependent children, file financial disclosure statements upon appointment, and thereafter on an annual basis.
- On 15 May 2007 the UNDP Administrator issued a policy on Financial Disclosure requesting all staff to file financial disclosure statements at: the D1/L6 level and above; procurement officers; staff with buyer and approver roles in ATLAS; duties that relate to the investment of assets; staff with direct access to confidential procurement or investment information; the Chairperson (and alternate) of the Advisory Committee on Procurement at headquarters; and the Contracts, Assets, and Procurement Committee (CAP) in country and regional offices. Staff that work on \$1 per year appointments, or serve on appointments of short duration, have the obligation to file a declaration of interest statement instead of a financial disclosure statement.

### **5. An effective Ethics Office**

- Article I of the UN Staff Regulations and Rules forms the basis for ethical conduct in UNDP. UNDP currently addresses ethics issues through line functions as detailed below. However, we are preparing to install a separate ethics function in the course of this year as part of a general review of the compliance, ethics, integrity and Ombudsperson functions.



- The Office of Legal and Procurement Support (OLPS) provides advice on a case by case basis on conflict of interest matters, receipt of gifts/honors, and participation in outside activities.
- The Office of Human Resources (OHR) supports ethics training and monitors ethics and values through the UNDP Global Staff Survey.
- The Office of Audit and Performance Review (OAPR) supports a hotline for anonymous and confidential reporting. OAPR and OLPS are involved in investigations and recommendation of sanctions for staff who violate the code of conduct.
- Instances of misconduct have been addressed through the UNDP Justice System. The UNDP Administrator publishes cases and sanctions annually to all personnel to serve as a deterrent to unethical behavior.
- UNDP (together with UNFPA, UNICEF and UNOPS) has an Ombudsperson as the informal grievance procedure to consider conflicts of any nature arising from employment.

**6. Independence of the respective internal oversight bodies**

- The Director of the Office of Audit and Performance Review (OAPR) and the Director of the Evaluation Office (EO) report administratively to the Administrator. To ensure independence, both report to the Executive Board on substantive matters.
- In June 2006 an independent Audit Advisory Committee comprising 5 external members was established. The first annual report of the Audit Advisory Committee is available to the Executive Board for the annual session in June 2007.
- Evaluation in UNDP is governed by the Evaluation Policy approved by the Executive Board (EB) in 2006 (DP/2006/28) which is in line with UN Evaluation Group Norms and Standards. The EO conducts evaluations independently of UNDP management and reports them directly to the EB. The agenda for evaluation is approved by the Executive Board and the Director of the Office is solely responsible for the content of reports.

**7. Adoption of IPSAS accounting standards in the Funds and Programs**

- As reported to the Executive Board in January 2007 (DP/2007/13), UNDP will be fully compliant with IPSAS requirements by 1 January 2010, the date endorsed by the General Assembly. Working closely with UN system organizations, UNDP is in the process of developing new and, IPSAS-compliant accounting policies.

**8. Establishing a cap on administrative overhead costs for the Funds and Programs**

- The UNDP management budget is subject to Executive Board (EB) approval every two years. The preparation and subsequent approval of the Biennial Support Budget (BSB) require a consultative process with the EB, a process which de facto limits the size of the administrative overhead.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Ad Melkert', is written over a light blue circular stamp. The signature is fluid and cursive.

Ad Melkert